



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/27/06
AGENDA ITEM 6
WORK SESSION ITEM _____

TO: Mayor and City Council
Redevelopment Agency Board Members

FROM: Director of Community and Economic Development

SUBJECT: Approval of a Bridge Loan with Cinema Place Hayward, LLC for Site Work

RECOMMENDATION:

It is recommended that the Agency Board adopt the attached resolutions authorizing a bridge loan with Cinema Place Hayward, LLC, for site work only and appropriating \$665,000 for this purpose.

DISCUSSION:

In July 2005 the Agency Board and City Council approved an amended and restated Disposition and Development Agreement (DDA) and Ground Lease with Cinema Place Hayward, LLC ("the Developer"). The project consists of a two-story complex including approximately 21,000 square feet of restaurant and retail space, and a 12-screen theater to be located on the Agency-owned site at the corner of B Street and Foothill Boulevard. As part of the project, the Agency will build an adjacent three-story public parking garage with 241 spaces.

The City Council/Agency Board approved a call for bids for the construction of the parking garage in April, and a construction contract was approved on June 13, 2006 in the amount of \$6,720,000. The contractor will be able to start work in mid-August. Staff is also currently working to obtain site clearance from the Regional Water Quality Control Board, and expects to obtain approval to start construction by the end of this month. The Developer has prepared and submitted building construction plans and has obtained leases for the theater and for a coffee café, and is negotiating leases or letters of intent on four other restaurant spaces. Three shops and restaurant spaces are still available at this time.

Under the terms of the DDA, the Developer is required to start deconstruction of the remaining on-site improvements, including the existing parking lot within 30 days of receiving a building permit. The Developer has committed to starting this work by July 15, and a contract has already been let for this work. Under the terms of the DDA, the Agency has committed to fronting the costs for the demolition work on the site, to be re-paid by the Developer when the building permit for the theater/retail building is issued.

Site grading is scheduled to start immediately after demolition, and the Developer is required to complete site preparation and deliver the garage pad to the Agency within 75 days of commencement. However, the Developer has not yet obtained a construction financing commitment for the project. The Developer had initially prepared its loan applications with the inclusion of a leasing commitment for the upstairs restaurant space, and unfortunately the commitment for that particular space fell through at the end of May. The Developer has since proceeded to revise and submit loan applications and they anticipate that funding will take place in September. As a result, the Developer is prepared to deliver the garage pad in late September without further assistance from the Agency.

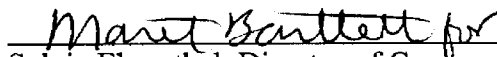
Staff recommends that the Agency Board approve a short-term "bridge" loan in the amount of \$665,000 in order to allow site grading and preparation activities to commence in July. The amount includes grading costs, underground utilities, and a contingency factor for unforeseen conditions. This will allow the garage pad to be delivered in a timely manner in order for the City's contractor to begin work on the garage in mid-August. The loan is to be re-paid within 90 days. The Agency's loan would carry the City's portfolio interest rate of approximately 4.7%. Because the loan is being used specifically to grade and otherwise prepare the site for redevelopment, in the event the Developer defaults, the improvements would revert to the Agency. The Developer is limited to using these funds for site work only.

Staff further recommends that the Agency Board approve an appropriation of \$665,000 from the Agency's tax increment funds.

Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Sylvia Ehrenthal, Director of Community
and Economic Development

Approved by:


Jesús Armas, City Manager

Resolutions

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-06-_____

Introduced by Agency Member _____

**RESOLUTION AUTHORIZING THE EXECUTIVE
DIRECTOR TO EXECUTE A BRIDGE LOAN WITH
CINEMA PLACE HAYWARD LLC FOR THE CINEMA
PLACE PROJECT**

BE IT RESOLVED by the Agency Board of the City of Hayward that the Executive Director is hereby authorized and directed to negotiate and execute on behalf of the Redevelopment Agency a bridge loan agreement with Cinema Place Hayward LLC for site work for the Cinema Place Project, in the amount of \$665,000, in a form approved by the General Counsel.

HAYWARD, CALIFORNIA _____, 2006

ADOPTED BY THE FOLLOWING VOTE:

**AYES: AGENCY MEMBERS:
CHAIR:**

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

**ATTEST: _____
Secretary of the Redevelopment Agency
of the City of Hayward**

APPROVED AS TO FORM:

General Counsel

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA 06-

Introduced by Agency Member _____

**RESOLUTION AMENDING RESOLUTION NO.
RA 06-015, AS AMENDED, THE REDEVELOPMENT
BUDGET RESOLUTION FOR FISCAL YEAR 2006-07
RELATING TO AN APPROPRIATION OF FUNDS FROM
THE REDEVELOPMENT AGENCY TAX INCREMENT
FUNDS FOR SITE WORK FOR THE CINEMA PLACE
PROJECT**

BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that Resolution No. RA 06-15, as amended, the Redevelopment Agency Budget Resolution for Fiscal Year 2006-07, is hereby further amended by approving an appropriation of \$665,000 from the Redevelopment Agency Tax Increment Funds to the Cinema Place Project.

HAYWARD, CALIFORNIA June, 2006

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:

CHAIR:

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: _____
Secretary of the Redevelopment Agency

APPROVED AS TO FORM:

General Counsel